

**1/30/78 [1]**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Lipshutz & Moore to Pres. Carter, 21 pp. re: Judicial appointments	1/26/78	C
Memo	Zbigniew Brzezinski to Pres. Carter, 8 pp. re: Defense System Development <i>6 pp. declassified per RAC NLC-126-11-14-1-3, 3/26/13</i>	1/24/78	A
Memos	Blumenthal to Pres. Carter, 2 pp. & <del>Andrew Young to Pres. Carter, 1 pg.</del> <i>sanitized 1/7/93</i> <del>re: Cabinet summary</del> <i>opened 6/1/92</i>	1/27/78 (both)	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Pres. Handwriting  
File 1/30/78[7] BOX 70

## RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
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THE PRESIDENT'S SCHEDULE

Sunday - January 29, 1978

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9:50 Depart South Grounds via Motorcade en route  
The First Baptist Church.

10:00 Sunday School.

11:00 Morning Worship Service.

5:00 Reception (Black Tie) in Recognition of the  
(60 min.) 10th Anniversary of Ford's Theater.  
The State Floor.

7:35 Depart South Grounds via Motorcade en route  
Ford's Theater.

7:45 10th Anniversary Celebration of Ford's Theater.  
(Black Tie)

THE PRESIDENT'S SCHEDULE

Monday - January 30, 1978

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7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.  
(20 min.)

9:00 Meeting of the Cabinet. (Mr. Jack Watson).  
(2 hrs.) The Cabinet Room.

11:00 Greet Staff of the Council of Economic Advisers.  
(5 min.) (Mr. Stuart Eizenstat) - The Roosevelt Room.

11:15 Mr. Jody Powell - The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.  
The Oval Office.

2:30 News Conference. (Mr. Jody Powell).  
(30 min.) Room 450, EOB.

5:30 Drop-By Informal Reception for the International  
(15 min.) Ladies Garment Workers Union Group - The State  
Dining Room.

446  
[redacted]

THE WHITE HOUSE  
WASHINGTON

January 30, 1978

Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson  
Hugh Carter

Re: Cabinet Summaries

The attached were returned in the President's  
outbox today and are forwarded to you  
for your personal information.

Rick Hutcheson

CONFIDENTIAL ATTACHMENT

EYES ONLY



# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

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~~CONFIDENTIAL~~



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

F.Y.I.

*Mike*  
*J*

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

Yesterday I met with the Conference of Mayors, who raised some questions about the tax bill's impact on cities, especially in regard to industrial revenue bonds. They emphasized their desire to be included in the discussions about your urban policy as it is being developed.

I spent considerable time this week discussing our tax program with the media -- on ABC's "Issues and Answers" and "Good Morning America", and in several meetings with journalists including the editorial board of the New York Times.

~~CONFIDENTIAL~~

SANITIZED

E.O. 12356, Sec. 3.4

PER 7/22/92 DOLBY RE MD-NLC-91-100  
BY [Signature] NARS. DATE 11/7/93

~~CONFIDENTIAL~~

- 2 -

This week (through mid-morning Friday) the dollar drifted slightly lower, but trading was fairly well balanced and market conditions were basically good. U.S. and foreign intervention was generally light. The market is awaiting the release of U.S. trade figures for December on Monday.

The House Banking Committee favorably reported out the IMF Witteveen Facility, without a human rights amendment. We expect the bill to be considered on the floor as early as the latter part of next week and anticipate another attempt to add a human rights amendment. On the Senate side, the Banking Committee will mark up the bill on Tuesday, with the major contention revolving around the appropriations treatment. We are pursuing our strategy on all fronts.

Treasury testified this week in favor of a scaled-down Consumer Cooperative Bank, in line with your decision. We indicated a desire to spend less than \$300 million over three years, realizing that Congress will try to negotiate this upward.

On Wednesday, in Treasury's quarterly financing announcement, Under Secretary Solomon estimated first-quarter financing needs of \$19.5 billion. He indicated that the cash needs, which are about the same as the first quarter a year ago, could be met with established and routine operations.



W. Michael Blumenthal

CLASSIFIED BY W. Michael Blumenthal  
EXEMPT FROM GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
EXEMPTION CATEGORY 5(B) 3  
AUTOMATICALLY DECLASSIFIED ON \_\_\_\_\_  
Impossible to determine.

~~CONFIDENTIAL~~



CONFIDENTIAL

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: USUN - Ambassador Young  
SUBJECT: U.S. Mission to the United Nations Activities, January 20-26

January 27, 1978

SECURITY COUNCIL

The Security Council will meet on Rhodesia and South Africa beginning January 26. The meetings will probably conclude on the 31st under Nigerian Presidency, although it is possible that they will continue into February when the Soviets assume Presidency of the Council. The Africans appear to wish the Council to take a stand against an "Internal Settlement" in Rhodesia. On South Africa, the Council will hear Donald Woods, the banned, and now exiled, newspaper editor. Although it is unlikely at this stage, there is the possibility that a request will be made for sanctions against South Africa.

NAMIBIA

We hope to announce shortly that the Foreign Ministers of the Contact Group will meet in Mid-February with SWAPO and the South African Foreign Minister on the Namibia question. These sessions which will probably last two days would be preceded by preparatory talks at the Senior official level. At this stage there seems to be no difficulty in getting South Africa and SWAPO agreement on dates, but we are expecting difficulty finding dates which are suitable to all five foreign Ministers. Hopefully, this difficulty can be resolved and an announcement made Friday or early next week.

UNITED NATIONS SPECIAL SESSION ON DISARMAMENT

The Fourth Session of the Preparatory Committee of the May-June U.N. Special Session on Disarmament commenced this week. The U.N. Secretariat has been asked to compile a comparative tabulation of group and national views for the negotiation of documents to be adopted at the Special Session. Our Delegation has been meeting with Western allies and non-aligned to exchange views on the structure and substance of these documents.

NON-GOVERNMENTAL ORGANIZATIONS

The Committee on Non-Governmental Organizations has completed its review process and USUN believes that it came off very well. There was concern that Amnesty International and other human rights organizations would be subject to possible sanctions, but the status of these groups was not put in jeopardy and it remained in tact.

THE COMMITTEE ON THE WHOLE

The Mission has sent a series of proposals to Washington which should be considered if the Committee of the Whole, the U.N.'s new Overview mechanism on the North South Dialogue, is to be a success. An organizational session is scheduled for February 13. The proposals focus on the need to show that the U.S. is willing to talk about specific problems of interest to the developing World as well as starting to build a world-wide development concept under which "their" problems are "our" problems. A suggested topic for discussion is the need every country has - developed or developing - to offer its people the right to productive and gainful employment. The suggested basis for discussion is the Declaration of the 1976 ILO Tripartite World Conference on Employment, Income Distribution and Social Progress.

AMBASSADOR YOUNG'S MEETINGS

Attended a fund raiser for Congressman Ron Dellums in Berkeley, Ca., 1/21.

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E.O. 12356, Sec. 3.4  
PER 3/14/92 STATE DEPT  
BY [signature] NARS, DATE 5/1/92

THE WHITE HOUSE  
WASHINGTON

*eyes only*

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<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
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ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
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<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

9:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C  
/

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

January 28, 1978

RE:

Proposed Agenda

1. Brief comments on the purpose and schedule of your trip to Maine, Rhode Island and New Hampshire in February;

2. There has been continued criticism by several Congressmen and Governors that they are still not being informed by the agencies of actions and grants that involve their districts/states. The Secretaries should again impress upon their Congressional Liaison and IGR staffs the importance of notifying the appropriate Congressman and Governor in advance by phone, with a written follow up, of any activity or action effecting their districts/states. You might even suggest that the Secretaries discipline any personnel in their agencies who fail to follow this guideline;

3. Appropriate comments on your forthcoming meeting with President Sadat;

4. You might express your thanks to Jim McIntyre, Mike Blumenthal and Charlie Schultze for their splendid work respectively on the budget, the tax reform package and the President's Economic Message to the Congress. Needless to say, many other members of the Cabinet participated in those activities as well. You might also express your thanks to Jim Fallows and Stu Eizenstat and their staffs for their hard work on the State of the Union Address;

5. Comments from Cabinet members.

CC: The Vice President

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

January 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CCS*

SUBJECT: CEA Weekly Report

Economic Report. The CEA will publish its Annual Report on Monday morning following a briefing for the press by me and the other members of the Council. I am sending along for your information a copy of the Report. On Monday at 11 a.m., the members of the CEA staff will meet briefly with you in a traditional ceremony to present the report to you.

Testimony. Mike Blumenthal, Jim McIntyre and I will be testifying virtually all next week, and into the following week, on your economic program.

Humphrey-Hawkins. On February 7 Ray Marshall and I testify before Gus Hawkins' subcommittee in the House on the Humphrey-Hawkins bill. In my testimony I will try to strike a proper balance: it's a good bill; it has been substantially improved; achieving the 4 percent unemployment goal, however, will be very difficult; but we will bend every effort to try.

Anti-inflation program. As soon as I finish the upcoming spate of testimony, we will begin -- in coordination with your other economic agency heads -- to map out a specific timetable for carrying out the voluntary anti-inflation program: a schedule of meetings with various industry and labor groups. It will take a lot of work to make this approach pay off. Between now and mid-February, however, when the AFL-CIO Executive Committee meets in Miami, we plan a low profile, to minimize the chances of them passing a hostile resolution.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

Joe  
J

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

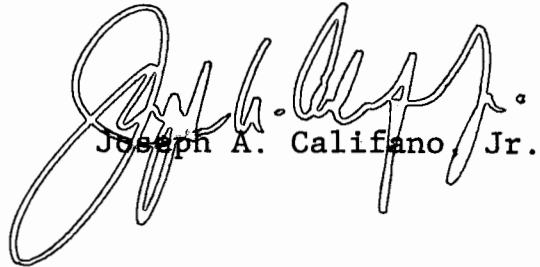
SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Regulations Reform: Next week I will announce the first results of Operation Common Sense, our regulatory reform effort. We have already identified as obsolete, and eliminated, 5 percent (300 pages) of the 6,000 pages of HEW regulations. We are rewriting confusing regulations in clear and concise form to demonstrate what can be done with some effort. And, as I noted last week, we have, in our first test, beaten a Congressional deadline for the publication of new rules (regulations for the Medicare/Medicaid Fraud and Abuse Amendments). The public response to this management initiative has been enormous and quite helpful.
- Assistance to Middle Income Families: I had breakfast this morning with Representatives Brademas, Ford and Thompson. They said it was important to unveil the Administration alternative to the Packwood/Moynihan and Roth tuition tax credit proposals within the next two weeks. They are concerned that, without an Administration position, members are becoming committed to Packwood/Moynihan due to pressure from private school forces. We have put this issue on the fastest track here -- and I will be sending Jim McIntyre and Stu Eizenstat draft position papers this week. I have been asked to appear before Ways and Means in mid-February on this subject. It is imperative that our proposal be launched at a friendly Education Committee hearing prior to my Ways and Means appearance.  
*Carl Perkins will help*
- Abortion: The Attorney General was most helpful in providing a supporting opinion to our interpretation of the law restricting abortion funding.  
*It was very liberal - how will you minimize falsehood?*
- Higher Education Desegregation: As I have previously indicated, under a current court order in Adams v. Califano, we must determine by February 3 whether

higher education desegregation plans submitted by six States comply with the criteria which are a part of the Court order. Since July, we have been negotiating with the States involved in an attempt to reach satisfactory plans. I have met personally with Governor Busbee, and Jim Parham and Jack Watson have also been involved in discussions with Georgia officials. As of today, it appears that we will receive plans in compliance with the criteria from Florida, Arkansas, and Oklahoma, and with the Community College system in North Carolina.

Although negotiations are continuing with Georgia, Virginia, and with North Carolina's universities, I am doubtful we will have acceptable plans on time.



Joseph A. Califano, Jr.

THE WHITE HOUSE  
WASHINGTON  
January 30, 1978

Secretary Blumenthal

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Ebig Brzezinski

RE: GERMAN GROWTH  
TAX PACKAGE

THE WHITE HOUSE  
WASHINGTON

cc Blumenthal  
213



EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

2  
1

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth

*Charles*

SUBJECT: Weekly Status Report

As you know, Marion today announced her decision that she had requested that you not renominate her for membership on the Council. Gus and I regret the events which led to her decision and share with you the disappointment of her departure. While with us, she worked wisely and well for your programs and goals.

With your permission, we will assemble names and backgrounds of persons you might want to consider to fill the Council vacancy and will submit our recommendations to Hamilton.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

C

January 27, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report


MEETINGS WITH FARM PROTESTORS. USDA personnel, ranging from Secretary Bergland to assistant secretaries, program administrators, the Secretary's immediate staff and both Congressional and public affairs personnel, have been meeting continuously with farm protestors.

SECRETARY IN MEXICO. Secretary Bergland is in Mexico meeting with Mexican agricultural officials. Points of discussion include Mediterranean fruit fly, remote sensing methods and use of satellites in agriculture, eradication of screwworms, semen exports, prevention of foot-and-mouth disease, cattle ticks and reciprocal meetings between the Secretaries of Agriculture. The Secretary will return to Washington January 28th.

SECRETARY TESTIFIES. The Secretary testified January 24 before Senate Committee on Agriculture, Nutrition and Forestry. He emphasized reserve program as a tool to farmers that has the potential for higher farm prices. The Secretary announced that 1977 crop wheat would become eligible for reserve program in March.

SURVEY OF INTENTIONS. According to January 1 survey of intentions, farmers plan to plant two percent fewer acres in 1978. (Wheat indicated to be down 12 percent, cotton 7 percent, feed grains down one percent and soybeans up 8 percent.) Report is less reliable than usual due to the tentative nature of feed grain set-aside program, lack of information about the program and unrest among farmers.

MISCELLANEOUS. ~~Attached~~ are a summary of USDA Hill contacts and the ASCS/FmHA weekly update of appointments.

  
CAROL TUCKER FOREMAN  
Acting Secretary

Attachments-3

**Community Services Administration** WASHINGTON, D.C. 20506



2

MEMORANDUM TO THE PRESIDENT

JAN 27 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Grace Olivarez *GO*  
Director  
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities

PRESIDENTIAL CLASSROOM PROGRAM:

This program is designed to provide students from low-income families with direct exposure to government policy and programs through a one-week visit to Washington during which they visit governmental agencies, meet with decision makers and learn about the processes of government. CSA's Community Development Corporation (CDCs) are participating in this program to assist low-income youth to increase their awareness of government and how it can work to improve the quality of life for our citizens.

ARCHITECTURAL BARRIERS REMOVAL:

All federal agencies are required to comply with Section 504 of the Rehabilitation Act of 1973. Using HEW guidelines, CSA has nearly completed the preparation of its own implementing regulations. Moreover, CSA is preparing for publication a technical assistance manual setting out guidelines and standards for architectural revisions to insure that low-income handicapped have physical access to those programs created to serve their needs.

STATE ECONOMIC OPPORTUNITY OFFICE (SEOO) EVALUATIONS:

SEOOs are designed to coordinate anti-poverty programs and provide closer coordination between CSA and Governors' offices. The policy objectives of the upcoming evaluations are to assess individual SEOOs with the view of developing an overall anti-poverty strategy in coordination with state and local government.

SENATE SUBCOMMITTEE ON LABOR, HEALTH/EDUCATION/WELFARE HEARINGS:

On Thursday, January 26 the Director defended the Administration's budget before the Senate's Appropriation Subcommittee on Labor and HEW.

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United States of America  
General Services Administration  
Washington, D.C. 20405

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Administrator

January 27, 1978

MEMORANDUM TO THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

Transfer of Willard Hotel, Washington, D.C.

The Willard Hotel was transferred to the Pennsylvania Avenue Development Corporation (PADC) by the General Services Administration within a matter of three days from the Report of Excess. This is perhaps the fastest property transfer made by GSA to date and probably saved at least six months.

Operation "Morning Light"

Last week the Federal Preparedness Agency (FPA) developed an operational capability in support of requirements for Operation "Morning Light." The thrust of FPA role was to develop, within the framework of their Federal-State emergency planning relationship, the capability to notify quickly and coordinate the actions of State and local officials in States which could have been affected.

Attendance at Truman Library Up

Attendance at the Truman Library in Independence, Missouri, was put at 353,000 in 1977. This represents an increase of more than 100,000 from five years ago.

JAY SOLOMON  
Administrator

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

C  
/

January 27, 1978

"FYI"


REPORT TO THE PRESIDENT

The White House Conference on Balanced National Growth and Economic Development starts Sunday evening and promises to be an exciting and rewarding event. As a major public forum which can make a significant contribution to the Federal policy-making process, the Conference will also serve as unequivocal testimony to your commitment to participatory government. We especially look forward to your participation in the final session on Thursday.

At the 46th Annual U.S. Conference of Mayors meeting in Washington this week, I had an excellent opportunity to explain the need for the Administration's tax proposals and to discuss the Department's urban initiatives. The Mayors were receptive and most constructive in presenting their views on urban needs and issues.

Our Local Public Works Program Status Report has been forwarded to you separately; a noteworthy highlight is that for Round II construction contracts awarded to date, 15% (in dollar value) have been awarded to minority owned firms -- well above the 10% requirement in the legislation. I am also pleased to report that over 92% of the 8,553 Round II projects are now under construction.

Trade Adjustment Assistance Legislation (TAA) --a satisfactory arrangement has been worked out with Chairman Vanik of the House Subcommittee on Trade. With Administration assistance, the Subcommittee expects to report out TAA reform legislation which will be consistent with your recent policy decisions in this area.

  
Juanita M. Kreps



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

January 27, 1978

2

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

Section 235 Program Revisions Announced. HUD has reopened the Section 235 Homeownership program for low and moderate income families. Mortgages have four percent interest with a three percent down payment. These changes, coupled with recent statutory increases in the mortgage limits, should result in at least 40,000 new construction reservations during 1978.

Neighborhood Strategy Areas to Be Designated for Rental Assistance (Section 8) Rehabilitation. Regulations to be published on January 31 will implement a new Neighborhood Strategy Areas (NSA) substantial rehabilitation program. Local governments will designate NSAs to undergo comprehensive community development and housing revitalization activities. Cities designating NSAs can then apply to HUD for area approval and a portion of the 20,000 Section 8 units now available for the program. Innovative features of the program are the involvement of local governments in designating specific neighborhoods to receive Section 8 assistance and its focus on rehabilitation of rental units in smaller structures. We expect State Housing Agencies to play an active role in financing the rehabilitation.

Financial Aid for Hartford, Connecticut. In an effort to protect the urban revitalization effort of Hartford, Connecticut threatened by the damage resulting from the collapse of the roof of the Civic Center Sports Coliseum, I authorized Assistant Secretary Embury to meet with Senator Ribicoff, Congressman Cotter, Governor Grasso, and local officials to express this Administration's concern for continuing progress in Hartford's downtown revival. HUD has pledged to provide assistance for reconstruction.

Aid to Detroit Promised. HUD has issued a letter of intent to provide a loan guarantee for up to \$30 million plus interest costs to help finance the DeLorean Motor Company project. The letter of intent is conditioned upon the City's compliance with applicable regulations and the submission of a request for loan guarantee with their regular Community Development Block Grant application or as a program amendment.

Senate Oversight Hearings Today. At hearings this morning I testified on Departmental operations and HUD program administration during the past year. My statement highlighted the progress we have made in our assisted housing and community development program.

Pat

Patricia Roberts Harris

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THE WHITE HOUSE  
WASHINGTON

1

January 27, 1978

MEMORANDUM

TO: THE PRESIDENT  
FROM: Frank Press *FP*  
SUBJECT: Current Activities of the Science Adviser

Mineral Policy PRM - drafted by OSTP and Interior, approved by you, and now under way.

Patent Policy - working with OMB, DPS and agencies to develop options paper for you.

Technological Innovation - developing for your approval a domestic PRM dealing with Federal policies as incentives or disincentives for industrial development.

E-W Technology Transfer - PRM 31, interagency review chaired by OSTP at halfway mark.

Civil Space Policy - developing proposals with NASA and agencies for your consideration as Carter Administration Civil Space Policy.

Recombinant DNA - updating Administration positions on gene-splicing in the light of latest research results. Preparing Administration response to Congressional legislative initiative regulating DNA research.

Telecommunications Security - implementing PD-24 as chairman of NSC Committee.

Cosmos 954 - OSTP staff serves as convenor of interagency task force and technological support to NSC.

CTB - working group on automated seismic stations.

Earthquake Hazard Mitigation - Presidential implementation plan required by statute near completion.

Landsat - should it continue as R&D project, as OMB has felt, or should it go operational, as Congress wishes? Developing options paper and recommendation.

Syncom IV - Public Service Communication Satellite. OSTP convening interagency task force to review government response to initiative from private sector, public interest groups, and State of California.

FY 79 Budget - Your R&D program tilts toward basic research rather than premature demonstration. We are working with agencies to implement this thrust, particularly in biomedical area.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

"FYI"

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*

SUBJECT: Major Departmental Activities, January 21-27

Multi-million dollar lawsuit to be filled against Frank Fitzsimmons and other Teamster leaders.

Within about a week, the Labor Department will file a major civil suit against Fitzsimmons and other former trustees of the Teamsters Central States Pension Fund. Minimum estimates of the provable liability of the former trustees is about \$15 million. The lawsuit itself will not ask for a specific dollar amount.

The lawsuit is the culmination of a two-and-a-half-year investigation of the Fund. Last spring control of the assets of the \$1.4 billion Fund was given to independent investment managers.

Evidence suggests that sizeable fraction of the improvement in black unemployment in 1977 was due to public service jobs and training programs.

Our figures show that our programs have had a sizeable effect on black employment. Twenty-five percent of the new jobs for blacks were created by Federal employment and training programs. Black participation in public service jobs programs also jumped from 22 percent in 1976 to 32 percent in 1977. Our analysis shows that criticism of the Administration for inaction is unfounded. In about ten days, I will be sending you a much more detailed memo on the subject.



Coal strike continues. Odds on an early settlement should be apparent within 36 hours.

Talks broke off on Monday. Federal Mediation and Conciliation Service (FMCS) is conducting off-the-record meetings with both sides. Role of FMCS has switched from conciliation to mediation. I will be meeting with Wayne Horvitz of the FMCS this afternoon. By late Saturday, we should know the prospects for a settlement. Although coal supplies are still adequate nationwide, the Department of Energy is expecting some utilities to face spot shortages within the next week or two.



United States  
Environmental Protection Agency  
Washington, D.C. 20460

C

The Administrator

January 27, 1978

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

This week we announced national primary drinking water standards, as required by the 1974 Safe Drinking Water Act. The standards are designed to head off a growing problem: the appearance--in increasing amounts --of cancer-causing chemicals in public drinking water supplies, especially those drawn from rivers with large urban centers or industrial discharges upstream.

The regulations will require testing of most of the country's public water supply systems. Anywhere cancer-causing chemicals are present in excess of standards, treatment will be required.

Drinking water is the most universal consumer product in our country. This program will provide protection for more than 100 million affected people. It represents a relatively inexpensive public health "insurance policy" against a growing problem of involuntary exposure to cancer-causing agents.

Dug

THE WHITE HOUSE  
WASHINGTON

cc JW

cc J Watson

C  
—

MEMORANDUM TO THE ATTORNEY GENERAL

Re: Federal Prison Population

Attached hereto is a statistical report on the present Federal Bureau of Prisons inmate population broken down by offense. In addition, set out below are a number of significant facts about the current Federal prison population for your information.

1. The present federal prison population is 29,577.\* This is an increase of 1,621 since January 1, 1977, and of 7,149 since January 1, 1975. The design capacity of the institutions in which this population is housed is 23,000.

2. 29% of the Federal prison population are violent offenders, i.e., homicide, robbery, assault, rape and kidnapping.

3. 27% of the inmate population are major narcotics offenders, representing major importers and whole sale distributors of illicit drugs, as contrasted with "street users" who are prosecuted at the state and local level.

4. Approximately 11% of the inmate population have been convicted of securities crime, fraud and embezzlement, and counterfeiting or forgery, which are major white-collar crimes. In addition, another 9.77% are larceny-theft offenders, many of whom also come within the white-collar crime area whose deterrence you have given priority.

5. In response to some uninformed criticism, there are currently only three selective service violators in Federal prison (0.01%) and only 23 incarcerated for juvenile delinquency offenses (0.08%). Of the nearly 99,000 offenders under Federal criminal supervision today, less than one-third are incarcerated. The rest are under Pretrial Diversion (2,120), Probation (45,578), Parole (15,188), Mandatory Release Supervision (1,541), and Community Treatment Centers (2,700). Last year,

---

\* These figures do not include 1,500 unsentenced prisoners, primarily pretrial detainees, in three Metropolitan Correctional Centers. In addition, approximately 10% of the total population consists of immigration violators who normally serve very short terms and for whom no computer data is collected. Finally, several of the prison institutions have not yet completed the data collection on all offenders within their population.

53% of all Federal offenders who were convicted received sentences other than imprisonment.

6. Based on a statistically valid sampling of Federal inmates, 83% have at least one prior felony conviction, and 66% have at least one prior incarceration, in either the Federal or a state system.

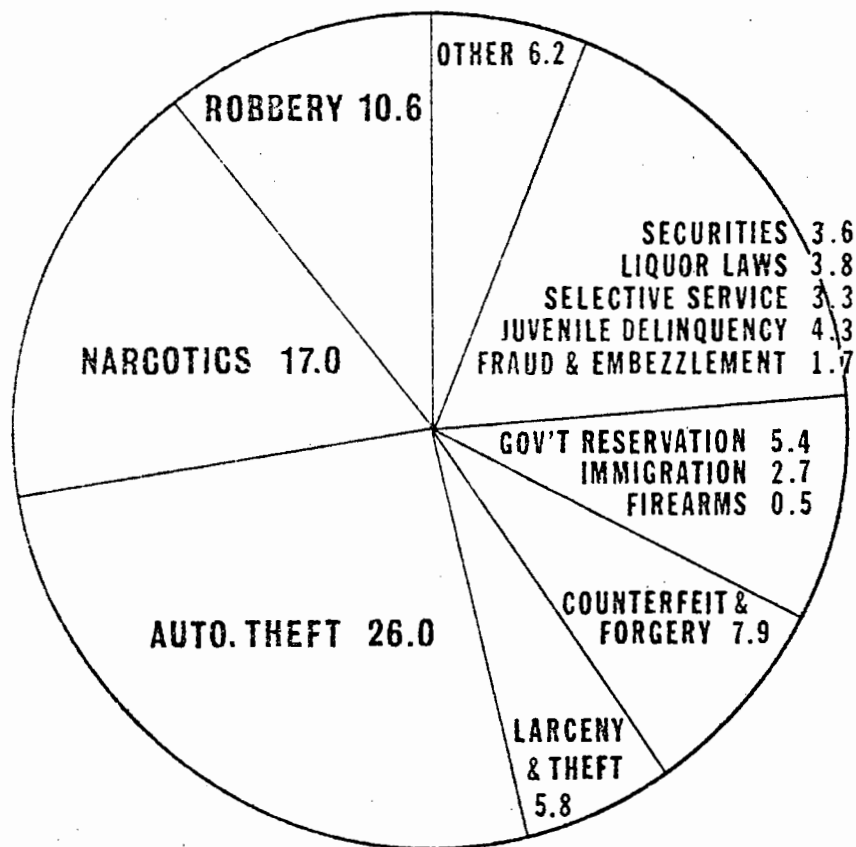
7. Of the current inmate population, 75% have at least three prior arrests, 50% have at least seven prior arrests, and 35% have ten or more previous arrests. By comparison, less than 10% have no previous arrests, and a significant number of these are white-collar crime offenders.

8. The current racial breakdown of the inmate population is as follows: White -- 60.2%; Black -- 38.1%; Indian -- 1.4%; Orientals -- .2%; Other -- .1%.

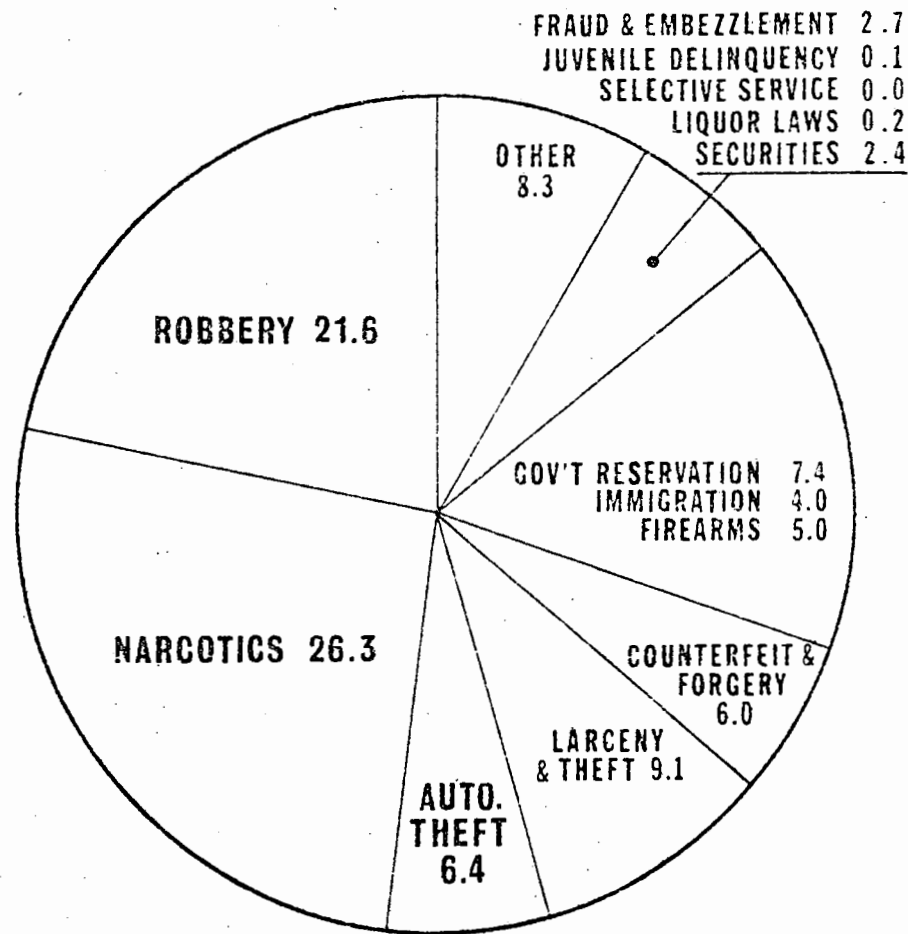
FEDERAL BUREAU OF PRISONS  
Offenders in Custody - 1977

Violation of Drug Laws		
Importation, transportation & sale		7,473
Heroin & Cocaine	5,492	
Marijuana	1,303	
Controlled Substances	678	
Armed Robbery		6,539
Bank Robbery	5,292	
Savings & Loans and Credit Unions	796	
Bank Robbery With Assault	243	
Postal Robbery	162	
Bank Robbery with Kidnap-Murder	46	
Larceny and Theft		4,369
Stolen Motor Vehicles	1,667	
Theft from U. S. Mail	1,304	
Interstate transportation of stolen merchandise	389	
Other (includes thefts in D. C.)	1,009	
Firearms Violations		1,429
Forgery (Treasury Checks)		1,211
Violation of Immigration Laws		1,137
Interstate Transportation of Stolen Securities		680
Homicide		598
Fraud		570
Counterfeiting		499
Kidnapping		490
Assault (On Government Reservation & Federal Officers)		485
Bank Embezzlement		201
Extortion		201
Income Tax Violation		147
Violation of Liquor Laws		48
Other Offenses (Escape, Sex Offenses, Bankruptcy, etc.)		2,296
Unsentenced Offenders		1,056

# BUREAU OF PRISONS



FY '67



FY '77

THE PERCENTAGE OF POPULATION CONFINED TO INSTITUTIONS BY OFFENSE



# Office of the Attorney General

Washington, D. C. 20530

January 27, 1978

9

Re: Principal Activities of the Department of  
Justice for the Week of January 23 through 27

## 1. Meetings and Events

This week the Attorney General attended a memorial ceremony at the Supreme Court for Justice Tom Clark; attended a meeting of the United States Parole Commission; met with Secretary Ray Marshall to discuss DOJ-Labor coordination; testified before the Senate Committee on the Judiciary Subcommittee on Citizen and Shareholder Rights and Remedies and on Administrative Practice and Procedure on the Federal Tort Claims Act Amendment which would allow the United States to be substituted as a defendant in place of a law enforcement officer (e.g., an FBI agent) who is being sued; met with Aaron Henry and U. W. Clements regarding the proposal to split the Fifth Judicial Circuit; and attended a Brookings Institute meeting at Williamsburg with House Judiciary Committee Members and the Chief Justice to discuss judicial reform measures.

## 2. Refugees

The Attorney General on Wednesday authorized the parole of an additional 7,000 Indochinese boat case refugees.

## 3. Marston Matter

The Solicitor General reported on the results of an internal inquiry by the Office of Professional Responsibility into the Marston matter and the Department made public affidavits taken in this inquiry. The Attorney General issued a Directive to all United States Attorneys and other Department officials to follow a rigorous procedure for notifying the Criminal Division of sensitive criminal investigations involving public figures or entities as subjects of investigation. This is to ensure that the Attorney General will be given proper notice of any overt investigation to prevent the possible appearance of impropriety in any dealings Department officials may have in the regular conduct of business.



4. Prison Population

Attached, at the request of the Attorney General, is a short memorandum analyzing the current Federal prison population which demonstrates that the prison population is made up of 29% violent offenders, 27% major narcotics offenders, 11% "white-collar" criminals, and 8% larceny theft offenders. 83% have at least one prior felony conviction. The prison population exceeds the design prison capacity by over 6,000 inmates.

5. FBI Director

The Attorney General and the Associate Attorney General accompanied Judge William Webster in making his calls upon members of the Senate Judiciary Committee in preparation for his confirmation hearings next week.

6. Criminal Code

The Code is still being debated on the Senate floor. Thus far, the only major loss has been the adoption of a sweeping and possibly unconstitutional preventive detention amendment. The "child snatching" provision adopted in the Senate Judiciary Committee which would have involved the FBI in child custody disputes has been substantially rectified. The date now set for a final vote on the bill is Monday at 6:00 p.m.

7. The Department's weekly report on appointments is ~~attached.~~



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

January 27, 1978

①

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department  
of Transportation

Highway and Public Transportation Improvement Act of 1978 was introduced on January 26 in the House by Congressmen Johnson and Harsha and in the Senate by Senators Randolph, Bentsen, Stafford, and Williams. The House Public Works Committee hearings are scheduled for February 1 and Senate hearings begin February 7. Mark-ups of the legislation will follow immediately after the hearings. The House Public Works Committee intends to include Highway Safety legislation in the total bill and, therefore, we need White House clearance on this as soon as possible.

Coal Slurry Pipeline - It is expected that the Coal Slurry Pipeline bill will be marked up by Congressman Udall's Subcommittee on Energy and the Environment in the near future, possibly the next week and a half. If we do not clear this through OMB, the affected agencies, such as DOT, Energy, and Interior, will not have the Administration's agreement presented.

Minority Business Efforts - On Thursday, January 24, I met with President Berkeley Burrell and representatives of the National Business League to discuss their role in railroad revitalization and the Minority Business Resource Center. On Thursday, January 26, I was honored by the Eastern Association of Black Consulting Engineers because, through your Administration, minority firms have received 34 percent (\$2.8 million of \$8.1 million) of the architectural and engineering contracts on the Northeast Corridor.

Fuel Economy Hearings - As part of DOT's energy conservation efforts, we held public hearings on January 16 and 17 on proposed 1980-1981 fuel economy standards for light trucks and buses. The proposed standards have been criticized by vehicle manufacturers and civil rights groups concerned with adverse employment impacts. I will make an initial determination by March 1.

Anti-terrorism - On January 25, I testified as one of the Administration witnesses on the Ribicoff anti-terrorism bill to protect U. S. citizens flying abroad. I have also directed the Federal Aviation Administration to identify foreign airports with the worst security problems, and report to me by February 15.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM Robert S. Strauss

SUBJECT Weekly Summary

Monday I was in Geneva where approximately 90 nations came together to finally launch the actual negotiations for the MTN. Thanks to your efforts in Paris, the EC came along and filed their offers in the tariff field as did the Japanese, ourselves and a number of other smaller countries. You will be pleased to know that we now have the Canadians in the MTN which was questionable until recently.

I have heard very good things from both the Canadians and Mexicans with respect to the Vice President's trip.

It looks like we are going to have continuing trade issues coming before the ITC, eventually to me and then your desk. For example, the CB radio case involves over \$1 billion and is even larger than the television case. We also have copper, zinc and other similar problems which continue to keep Congress upset and give us substantive as well as political problems.

I think we have clearly articulated and I will continue to articulate and speak in regular speeches the soundness of our trade posture as well as the fact that our negotiations in Japan were only the beginning, not the end, and that we have a long way to go.

We had our first Trade Policy Committee meeting (Cabinet level under the Trade Act) yesterday and it will please you to know that everyone seems to be fully cooperative and supportive. I think Charlie Schultz will agree with my assessment.

While it might cause you to lose what little confidence you have left in my ability, I must report that Alexander E. Barkin, himself, took the occasion to publicly acknowledge in a positive way our Japanese efforts.

ID 780329

T H E   W H I T E   H O U S E

WASHINGTON

DATE: JAN 24 78

FOR ACTION: STU EIZENSTAT

HAMILTON JORDAN

FRANK MOORE (LES FRANCIS) *attendant*

JACK WATSON

INFO ONLY: THE VICE PRESIDENT

JIM MCINTYRE - *concur*

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT ~~SECRET~~ BRZEZINSKI MEMO DATED 1/24/78 RE SEAFARER DEPLOYMENT

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1000 AM THURSDAY JAN 26 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

*SECRET*

DECLASSIFIED

Per, Rac Project

ESDN: NLG-126-11-14-2-2

BY *KS* NARA DATE *3/22/13*

CONGRESSIONAL LIAISON:

SENATE LIAISON - It is absolutely essential that Senator Riegle be fully briefed on this decision. He has told me he cannot support the President in 1980 if he goes back on his campaign pledge not to build Seafarer.

The timing for such a briefing must be before or at the same time as any briefing for the Governors. The Governor of Michigan is a Republican. Senator Riegle is a Democrat.

Riegle is also one of our most consistent supporters on Senate votes. The least we can do is give him the privilege of hearing our decision on the biggest issue in his state before the Republican Governor or the Republican Congressman. The ideal situation would be to let Riegle leak the decision to the press and take credit for convincing the President to substantially reduce the size of the project.

We should be sensitive to Congressional political concerns as well -- (Governors don't vote on our legislation) -- especially those Democratic Congressman from the areas which are affected.

DECLASSIFIED  
Per, Rac Project  
ESDN: NLG-128-11-14-2-2  
BY YS NARA DATE 3/22/13

THE WHITE HOUSE

WASHINGTON

January 25, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*  
SUBJECT: SEAFARER DEPLOYMENT

Since you are fully aware of the whole political background on this issue, I shall not review it here. Suffice it to say that "your political word is at stake," and your decision in the matter could have very significant impacts on the Democratic candidates in this year's gubernatorial and senate races in Michigan.

Before deciding which way to go on Harold's recommendation, I think we should get some reading of the public official and private reaction to the Navy's greatly reduced proposal. I suggest that Harold Brown send a high level DoD official (perhaps Undersecretary of the Navy Jim Woolsey) to Michigan to explain and discuss the Navy's latest ELF proposal with the Governor and other public officials and private citizens. Jim could make clear that you have not yet made a decision in the matter, and that Secretary Brown (through Jim) is seeking to inform people in Michigan on the details of the 95% reduced system the Navy is now proposing, before even taking the proposal to you.

Instead of meeting only with Governor Milliken, as Zbig suggests, I recommend that Jim meet with Governor Milliken; Senators Riegle and Griffin and Representative Ruppe; selected state and local elected officials in the Upper Peninsular; and selected local community leaders. We could also make informal checks with some of the key Democratic leaders in the State to get their assessment of the political situation and of the likely reaction to an approval of the Navy's proposal.

Such an effort would be valuable, not only in terms of educating key people in Michigan about the new proposal, but because it would give us a lot more information about the situation before you make a decision. I think the whole series of meetings could be accomplished within a week.

THE WHITE HOUSE  
WASHINGTON

RICK--  
          

After making your copy  
and one for Zbig...please  
send Brzezinski the letter  
to Brown in sealed envelope.

Thanks -- Susan





DECLASSIFIED

Per, Rac Project

THE WHITE HOUSE

WASHINGTON

ESDN; NLC- 26-11-14-1-3

BY KS NARA DATE 3/22/13

PERSONAL  
CONFIDENTIAL

1-30-78

To Harold Brown.

Re SEAFARER, I suggest  
that you:

a) Evolve a classified presentation  
to the Governors, key members  
of Congress, private citizens who  
are influential at home and  
concerned about national security  
as well as environment;

b) Bring them to Washington  
and impress on them the  
importance of the minimal  
project;

c) Ask them to treat the  
trip & information confidentially



THE WHITE HOUSE  
WASHINGTON

and to keep an open mind;  
d) Be prepared to honor  
past commitments if they  
cannot be convinced.

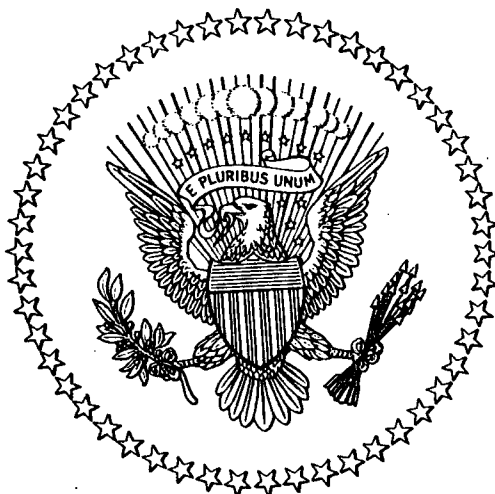
I'll help you.

Jimmy

cc: J615

# **ECONOMIC REPORT OF THE PRESIDENT**

**TRANSMITTED TO  
THE CONGRESS  
JANUARY 1978**



**FOR RELEASE AT 10:30 A.M. (E.S.T.)**

**MONDAY, JANUARY 30, 1978**

**NOTICE:** There is a total embargo on the Annual Report of the Council of Economic Advisers until 10:30 a.m., Monday, January 30, 1978. There should be no release or discussion of the Report before that time.

**JODY POWELL,  
Press Secretary to the President.**

**TOGETHER WITH  
THE ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS**

TRANSFER SHEET

Jimmy Carter Library

COLLECTION: Carter Presidential Papers-Staff Offices, Staff Sec. Acc. No.: 80-1  
Office-Presidential Handwriting File

The following material was withdrawn from this segment of the collection and transferred to the      Audiovisual Collection      Museum Collection XX Book Collection  
     Other (Specify:                     )

DESCRIPTION:

---

Economic Report of the President Transmitted to the Congress January 1978

Together with The Annual Report of the Council of Economic Advisers

---

Series: Presidential Handwriting File

Box No.: 70

File Folder Title: 1/30/78

Transferred by: kjs

Date of Transfer: 4/13/90

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

Mr. President --

When returning this to Tim,  
Jack Watson said that he had already  
declined the request for a meeting  
with you....and also mentioned that  
between now and Friday, there will  
be 40 other Governors in town too,  
who would probably like to have a  
brief visit with you.

Do you still want to have Tim  
schedule?

January 30, 1978

Mr. President --

Annette wanted me to let you know that the Governor of American Samoa, Peter Coleman, is in Washington through Friday attending a White House Conference held at the Sheraton Park Hotel re Pacific Area...since she thought you might want to meet him. Annette mentioned that you had met his daughter and son-in-law last week, apparently at dinner.

-- SSC

It's a busy week..and you've done quite a lot for American Samoa is the last two months . If you do want a quick hello and a picture, we could work it in at 12:25 on; Wednesday, just before your 12:30 lunch with Rosalynn.

TK

ok  
J

A

cabinet meeting 1/30/78

THE WHITE HOUSE  
WASHINGTON

- > Civil service - M.I. unionization
    - > B-1
      - Space-nuclear satellite
    - > Coal slurry pipeline
    - > L & D 26 - user fees
    - > See notify Corp - grants, etc
    - > Sadat visit
  - ~~Civil Service~~
    - > Pentagon & other visits
    - NEACP - Sub. CV - Ground-
    - > Seafarer
- 
- > Open "Smoky" - Make facts 50's

THE WHITE HOUSE  
WASHINGTON

At Gen examine M Action programs  
Prison population - 6000 excess

- Rhodesia

Panama - Herald: gen retreat?

- Off of surface mining - delay (8-17)  
160 ac limit Ag-Int

- Russian flee

Immunization program +  
BTI - early to floor

- CEA annual report

- Horn

Indian Ocean

Arms → M.I.E

- Coal talks broke off <sup>32%</sup>  
vs <sup>44%</sup>



THE WHITE HOUSE  
WASHINGTON

- Exec Council / Roundtable + <sup>fax</sup> reform
- Mexico - Good coop - animal <sup>disease</sup>  
No fat dried milk ~~2~~
- Civil Rts and - Swans - Drinan Bill  
Disaster situation  
Tug Valley Ky - no
- Mid W power - Elect  $\rightarrow$  = Allegheny <sup>10</sup> days  
Probs in 2 weeks  
Now producing 5mil Tons/day  
Satellite - 80 US people working  
NEP = 3 or 4 days
- MTN - 90 nations - EC present  
LDC's less critical  
Trade issues  $\rightarrow$  1978 = "buying public"
- Budget
- METRO  
Hwy. xport bill - will introduce

419

THE WHITE HOUSE  
WASHINGTON

January 30, 1978

Bob Strauss

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Zbig Brzezinski

RE: JAPANESE ECONOMIC RELATIONS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
/	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

1/27/78

Mr. President:

No staff comments.

Rick

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

Bob -  
Whom do you  
suggest?  
J

January 26, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss *R.S.*

Subject: U.S. - Japanese Economic Relations

While the joint communique with the Japanese on the above-captioned matter is a dramatic breakthrough in setting some new directions and spelling out a new philosophical thrust for Japanese trade policies, it is only a first step. The extent of economic impact of the policies and measures that the Japanese agreed upon will be entirely dependent on our ability to constantly review their progress, both in terms of their efforts and their achievements.


We had four main objectives:

1. Obtain formal Japanese commitment to a high level of economic growth. This, of course, was a unilateral, sovereign decision of their Government but was substantially influenced by your meeting with Minister Ushiba when he was in Washington and my continuing negotiations. There is reason for skepticism as to their ability to attain this target but at least it will make them aim higher and increase their expansionary measures if we continue to monitor.
2. To obtain their commitment to reduce their current account balance from the present surplus of \$11 million. They agreed to reduce to \$6 million during 1978 and to equilibrium the following year, if possible.
3. We obtained a Japanese commitment to achieve parity with us through the implementation of the Geneva trade talks in terms of their market being as open as our own. This to be accomplished over a period of years.
4. To immediately open the Japanese market to certain imports through a series of specific trade acts and measures.

While politically the ten-fold increase in beef quotas and the three-fold increase in citrus quotas made headlines here, in terms of meaningful, long-term, substantive trade significance to us, it is more likely that the Japanese pledges to reduce their barriers to parity in the MTN, to liberalize their foreign exchange control system, and to open up their government purchasing to foreign bidders are surely the most significant steps. What we can accomplish here remains to be seen and requires the monitoring to which I referred. Also very important is the work of our Trade Facilitation Committee set up by Juanita Kreps and headed by Frank Weil which has the job of helping individual U.S. companies get their products into Japan. Weil understands this problem and what needs to be done.

The bottom line, Mr. President, is that we have only set forth what they say they will do and now we need to put the necessary political will into the program or it will revert to what it was after a few "one-shot" purchasing deals.

It is my judgment you now need to instruct someone in the Government to begin and then follow through regularly, with vigor, on a continuing monitoring and review process, with periodic reporting to you and to the Congress.



T H E        W H I T E        H O U S E

PLEASE NOTE OTHER COMMENTS BELOW:

THE PRESIDENT'S SCHEDULE

Monday - January 30, 1978

7:45	Dr. Sigmund Brzezinski - The Oval Office.
8:15	Mr. Frank Moore - The Oval Office.
9:30 (20 min.)	Senior Staff Meeting - The Roosevelt Room.
9:00 (2 hrs.)	Meeting of the Cabinet. (Mr. Jack Watson). The Cabinet Room.
11:00 (5 min.)	Greet Staff of the Council of Economic Advisers. (Mr. Stuart Eizenstat) - The Roosevelt Room.
11:15	Mr. Jody Powell - The Oval Office.
12:00	Lunch with Vice President Walter F. Mondale. The Oval Office.
2:30 (30 min.)	News Conference. (Mr. Jody Powell). Room 450, EOB.
5:30 (15 min.)	Drop-By Informal Reception for the International Ladies Garment Workers Union Group - The State Dining Room.

ILGWU - CHICK CHAIKIN  
"HAIL TO CHIEF"  
"LOOK FOR THE UNION LABEL"

400,000

POLITICALLY ACTIVE

PROGRESSIVE

DEMOCRATIC

CHICK - HUMAN RTS

BELGRADE

EGYPT

LABOR LAW REFORM

H-H

HEALTH

ERA

CONG ELECTIONS

PARTNERS



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: LONDON BUTLER 

DATE: JANUARY 30, 1978

SUBJECT: INFORMAL RECEPTION FOR THE INTERNATIONAL  
LADIES' GARMENT WORKERS UNION  
5-6:00pm, JANUARY 30, 1978  
EAST ROOM

Purpose

To welcome the members of the International Ladies' Garment Workers Union to the White House during a brief informal reception.

Background, Participants, and Press Plan

The reception is for the national leadership, staff, and active rank and file members of the International Ladies Garment Workers Union. Some 350 people will be there.

They are in Washington for the union's second National Legislative and Leadership Conference. They will be going up to the Hill the next morning to press for their main legislative priorities, especially import controls, labor law reform, Humphrey-Hawkins, and health care legislation.

The ILGWU, founded in 1900, has 375,000 members in 38 states and Puerto Rico, plus another 25,000 in Canada. The membership is extremely varied ethnically, but is now predominantly black, Puerto Rican, and female. However, the leadership remains largely white, male, and Jewish.

The ILGWU has always been politically active, "cause-minded," and progressive. It has supported the Democratic party nationally since the New Deal times.

ILGWU president Sol C. (Chick) Chaikin served on the U. S. delegation to the Belgrade Conference. He spoke out strongly against Soviet violations of human rights, especially the Soviet refusal to let Sakharov and other dissidents attend the AFL-CIO Convention in Los Angeles.

Chaikin will attend the reception this afternoon and will walk over to the State Dining Room with you and Hamilton. The format will be similar to last week's reception for the Machinists where you shook a few hands on the way to the podium, made brief remarks, and then shook more hands as you worked your way out of the room.

There will be no press coverage. A White House photographer will be present, however.

Talking points - prepared by Rick Hertzberg

You need make only 4-5 minutes of informal remarks. After welcoming the group to the White House, you might cover some of these points:

Humor: You could say that you made a deal with Chick Chaikin on the way over. From now on, when he goes somewhere the band will play "Hail to the Chief." When you go somewhere they'll play "Look for the Union Label."

("Look for the Union Label" is the catchy tune used in the ILG's TV ad campaign. Lyrics below for your information.)

Chaikin: You might express your appreciation for Chaikin's service in Belgrade. Also, he is contributing to the cause of peace in the Middle East. He recently visited Egypt on behalf of the AFL-CIO. And he was just given the Histadrut Humanitarian Award for service to Israel and human rights.

The ILG: In the past year you've become increasingly aware of the great influence of the ILG, both publicly and behind the scenes. It's a welcome influence--because it is based on a broad concern for the common good and for all people.

The issues: You're looking forward to working with them on labor law reform, Humphrey-Hawkins, and on preparing the kind of comprehensive health care legislation we've needed for a long time. You might also mention ERA, since 85 per cent of ILG members are women.

Imports: If you touch on this sensitive issue, Bob Strauss suggests you say this: They know how aware you are of their problems. Their difficulties are not just statistics to you, because you know the people involved. You campaigned in the lofts and factories. You're pleased at how closely Strauss has kept in touch with them and with the garment industry in general. This is a very tough issue. There are critical choices to be made. We've tried hard to strike the right balance. You're sensitive to their concerns, and you will remain sensitive to them.

Politics: You're grateful for their help in the past, and you're counting on them for help in the Congressional elections this year. The only way we can achieve our common goals is by electing a Congress that will act on them.

"Look for the Union Label" (song)

The lyrics of the song referred to above are:

Look for the union label  
When you are buying a shirt, dress, or blouse  
You know that somewhere  
Our union's sewing  
Our wages growing  
To feed the kids and run the house.

We work hard  
But who's complaining  
'Cause through the ILG we're paying our way  
So always look for  
The union label  
It says we're able  
To make it in the USA!

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THE WHITE HOUSE  
WASHINGTON

January 30, 1978

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: BILL MILLIKEN AND PROJECT  
SEAFARER

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

C

MEMORANDUM TO: THE PRESIDENT  
FROM: Jack Watson *Jack* January 28, 1978  
RE: Summaries for the Week of January 23 -  
28, 1978; Miscellaneous Items

The weekly summaries are attached.

--The latest HIRE Committee report submitted by Bill Miller indicates that:

(1) 2,000 additional jobs have been pledged since the December report;

(2) 70 new companies have submitted job pledges, which brings the total to 360 companies which have targeted 70,000 HIRE jobs for veterans;

(3) Since the December report the Department of Labor has received 15 new HIRE proposals for a total of 42 proposals. This brings the aggregate number of reimbursable, on-the-job training positions to 9,000;

(4) The NAACP, Urban League and OIC have all pledged to support HIRE through their national networks.

--I have been gathering suggestions from Bill Miller, Mike Blumenthal, Juanita Kreps, Ray Marshall and others as to a possible replacement for Bill as Chairman of the National Alliance of Businessmen. I shall give you a list of recommendations soon.

--My staff and I spent a considerable amount of time this week in private and group meetings with mayors who were here for the U.S. Conference of Mayors' meeting. The main topic of discussion, of course, was the emerging shape of the urban policy. We have established several channels of collaboration and communication with the mayors on the policy, and, though they want more money than we will be able to give, I am reasonably optimistic about keeping them with us on the policy. The mayors' reception at the White House on Thursday night was greatly appreciated and widely applauded by all the mayors.

--The White House Conference on Balanced National Growth and Economic Development will open Sunday night. Juanita Kreps and I will give the opening speeches, and there will be substantial Administration participation in the Conference including the Vice President, Pat Harris, Bob Bergland and Stu Eizenstat. I am pleased with the way the Conference has shaped up and think it will be a worthwhile expenditure of time and effort. You are scheduled to appear on Thursday morning to receive the report of the Conference and to make brief remarks.

--There was a great flurry of attention and concern in Michigan on Friday over your comments to the editorial writers on Friday afternoon concerning Project Seafarer. Bill Milliken called me on Friday night to inquire about the UP story that was running on Friday in all the Michigan papers saying that you had decided to put the ELF system in the upper peninsula. I assured Bill that you had not made a decision on the matter, and that no decision would be made without first discussing the subject with him and others.

*Send him  
transcript*

CC: The Vice President

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THE WHITE HOUSE  
WASHINGTON  
January 30, 1978

Jody Powell

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. HEW would like this announced today.

Rick Hutcheson

WHITE HOUSE CONFERENCE ON FAMILIES

cc: The Vice President  
Stu Eizenstat  
Jack Watson



THE WHITE HOUSE  
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

*How would like this  
announced today*

ACTION	FYI	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	<input checked="" type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
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<input type="checkbox"/>	STRAUSS
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<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

January 29, 1978

ok  
J

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stee*  
FRANK RAINES  
SUBJECT: Announcement of the White House  
Conference on Families

Last year, at the Administration's request, Congress appropriated \$3 million for a White House Conference on Families, to be held next year.

Preliminary planning for the Conference has begun at HEW, and Secretary Califano would now like to have, early this week, an official Presidential announcement of the Conference. Attached is a proposed announcement, prepared by HEW and approved by Jim Fallows.

## WHITE HOUSE CONFERENCE ON FAMILIES

In order to help stimulate a national discussion of the state of American families, I will convene a White House Conference on Families in Washington, D.C., December 9-13, 1979.

Families are both the foundation of American society and its most important institution. In a world becoming more complex every day, our families remain the most lasting influence on our lives.

I am confident that the American family is basically sound, and that we can and will adjust to the challenges of changing times. Yet American families confront growing problems. Two out of five marriages now end in divorce. One child in eight is born outside of marriage. A million young Americans now run away from home each year. In the face of these difficulties, I am encouraged by the increasing interest in the state of the family by people from all walks of life.

The main purpose of this White House Conference will be to examine the strengths of American families, the difficulties they face, and the ways in which family life is affected by public policies. The Conference will examine the important effects that the world of work, the mass media, the court system, private institutions, and other major facets of our society have on American families.

This Conference will clearly recognize the pluralism of family life in America. The widely differing regional, religious, cultural and ethnic heritages of our country affect family life and contribute to its diversity and strength. Families also differ in age and composition. There are families in which several generations live together, families with two parents or one, and families with or without children. The Conference will respect this diversity.

The work of this Conference, in conjunction with our current efforts to implement family-oriented government policies, can help strengthen and support this most vital and enduring social resource. I look forward to participating in the work of the Conference and receiving its report.

451

THE WHITE HOUSE  
WASHINGTON

January 30, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: WEEKLY LEGISLATIVE REPORT

ENERGY  
GRAND CANYON SCHOOL DISTRICT  
UNIFORM BANKRUPTCY ACT

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

*return orig to me*

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	McINTYRE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
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	HARDEN
	HUTCHESON
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	GAMMILL

	KRAFT
	LINDER
	MITCHELL
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	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

*Frank*  
*@*

THE WHITE HOUSE

WASHINGTON

January 28, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

1. ENERGY

-- Jackson has been meeting with several Senators including Domenici, Weicker, Hatfield, and Hansen. He has not had much contact with Johnston. Johnston and Ford on the Senate side and Dingell on the House side are extremely displeased with Jackson. They feel he torpedoed their compromise last year on the grounds that it was too producer-oriented, but now is going even further toward producers than they had proposed. Personal rivalry among the Conferees is, once again, the most difficult problem.

-- This weekend and early in the week, we expect Jackson to continue to actively seek a proposal which a majority of the Senate Conferees will accept.

2. FOREIGN POLICY ISSUES

*We can't afford to fail because of our inaction*

Panama: We expect the Treaties to be reported out of Committee on Monday with Griffin casting the only "no" vote. The Committee Report document will probably recommend adoption of an amendment incorporating the October 14 statement.

-- Momentum is clearly with us, but the conservatives are going to be very active when the Treaties get to the floor.

-- The Stone letter was successful in winning his vote for the Treaties.

Middle East: Secretary Vance appeared before the House and Senate Foreign Relations Committees in closed sessions last week. State advises that key questions raised by the Committees were whether the U.S. would use leverage on Israel to modify its positions, and how military sales, particularly advanced fighter aircraft, fit into the negotiating picture. Secretary Vance assured both Committees that the U.S. would not withhold military equipment necessary for Israel's security as a means of pressure on Israel. He indicated that he had not yet made his recommendation to you on the major military aircraft sales proposals presently under consideration (F-15s for Saudi Arabia, F-15s and F-16s for Israel, and F-5s for Egypt).

-- Twelve of the 15 members of the Senate Committee are now on record opposing the F-15s sale to Saudi Arabia. Some of these Senators also oppose the sale of any advanced aircraft to the Middle East until the peace process is clarified. For

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some, it will probably be adequate to have talks in Cairo and Jerusalem resumed. Before agreeing to them, others will insist that the sales be withheld until there is demonstrable progress toward a complete settlement.

Foreign Assistance: Senator Sparkman joined Senator Case in introducing the new foreign aid bill which creates a new International Development Cooperation Administration, consolidating all multi-lateral and bilateral foreign economic assistance programs in an agency reporting directly to you. Mrs. Humphrey's membership on the Senate Foreign Relations Committee is expected to give the bill an extra push. Sparkman believes the bill will pass the Senate.

-- AID advises that Chairman Zablocki will likely put together a bi-partisan working group along the lines of the group which worked on the development of the "New Directions" legislation in 1973. However, Zablocki is not optimistic about the Humphrey/Sparkman/Case bill passing the Congress this session.

-- 'Doc' Long's Appropriations Subcommittee met Wednesday to consider a State/AID notification of intent to assist refugees in Mozambique through the UN High Commissioner for Refugees. The hearing recessed without a decision, but the atmosphere did not augur well for this year's foreign assistance legislation. Long was annoyed that we opened old wounds on the direct/indirect assistance question and counseled against pressing the issue. Dave Obey shared Long's view that we were foolish to have raised such a controversial matter and warned that we would be facing an even less responsible and more demagogic Congress this year on foreign assistance. Congressman Young's opposition was predictable, and clearly indicated he would be leading the charge against the bill again this year.

Witteveen Facility: The bill will go before the Rules Committee on Tuesday and is scheduled for floor action on Thursday. Tom Harkin and others will probably attempt to add a human rights/needs amendment on the floor. Our supporters feel such an amendment stands a good chance of succeeding. Some also suggest that a "compromise" human rights amendment might head off more unacceptable language; but as last year's experience showed, it is very difficult to negotiate such compromises and still keep faith with friends who have already positioned against such amendments. Also, once we are "out front" on human rights, it is difficult to control Congressional growth on the issue. Thus, Treasury's present thinking is to hold fast and if we lose on the House floor, try to work it out during Conference with the Senate.

-- It is also possible that proponents of anti-bank bail-out language, though soundly defeated in Committee, will push their amendment on the House floor.

-- We will be working with Treasury and Steve Neal, the Subcommittee Chairman, on votes on amendments and final passage which could also be tough.

-- The Senate Banking Committee also begins markup on this bill on Tuesday. Two amendments will be offered by Chairman Proxmire and ranking minority member Brooke. The first authorizes appropriations of the full \$1.7 BILLION for the U.S. contribution and the second reduces the salaries of the U.S. Executive and his Alternate



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to the same levels as an Assistant Secretary and Deputy Assistant Secretary. Treasury is focusing on heading off the full appropriations amendment.

Greece and Turkey: Secretary Vance met with Senator Sarbanes and Congressmen Brademas and Rosenthal last Wednesday to go over his recent trip to Ankara and Athens. The three Members were also briefed on the military assistance levels proposed by the Administration for Greece and Turkey in FY 1979. Sarbanes complained that the Administration had not adequately consulted with interested Members in advance of sending the budget proposals forward. He also complained that we were cutting assistance to Greece for FY 1979 while maintaining previous levels of assistance for Turkey. State advises that, in fact, we intend to provide the same amount to Greece in FY 1979 as we did in FY 1978 -- \$175 million -- but that grant aid this year is tied to the entry into force of the US-Greek Defense Cooperation Agreement. Sarbanes, Brademas and Rosenthal oppose this document.

-- State is attempting to alter the Congressional presentation document in a way that would show more clearly that \$175 million would be available for Greece in FY 1979, but is not sanguine that these changes will appeal to Sarbanes, Brademas or Rosenthal. We understand that the Vice President has met with some of these Members on this issue.

Nuclear Non-Proliferation: The bill is scheduled for Senate floor action next week. Administration comments on amendments proposed by Senator McClure, plus suggested additional revisions, have been transmitted to Sparkman, Church, Glenn, Percy, and McClure, among others. Senator McClure may have additional amendments, but State anticipates that the legislation will be adopted by the end of the week.

Uganda: The Diggs, Fraser, and Bingham Subcommittees of the HIRC have scheduled joint hearings for February 1, 2, and 9 on Uganda. While specific legislation probably will not be reported, we can expect that Uganda's poor human rights record will be highlighted and that this will generate additional public and congressional support for harsher treatment of Uganda.

### 3. TAX PACKAGE

-- Testimony on the Administration's proposal begins on Monday with Secretary Blumenthal's appearance before the Ways and Means Committee. Public hearings are scheduled to begin around February 27. During the intervening time, Treasury will be briefing Members, staff, outside interest groups and media.

-- Gene Godley, Secretary Blumenthal's Congressional Liaison Assistant, is working with Hamilton's coordination group. He will develop a more extensive legislative strategy, but his outline now is generally:

January 30-31:	Admin Testimony
February 6-10:	Brief Finance Committee Senators
	Brief Ways & Means Members' Staff
	Brief Finance Staff

ADMINISTRATIVELY CONFIDENTIAL

February 9-13:	Brief staff of miscellaneous House and Senate Members
February 13-17:	Review Ways and Means Members' positions prior to hearings
February 20-24:	Work outside interest groups prior to testimony

-- Gene Godley believes that later on these briefings can be repeated on the White House level, but that this resource should be withheld until we get closer to markup. It is not too early, however, to begin thinking about ways to generate support.

4. SUPPLEMENTAL APPROPRIATIONS/B-1 BOMBER

-- The B-1 bomber will be debated in the Senate five hours on Wednesday with a vote to follow immediately. Senator Stennis is working the issue hard. Secretary Brown and we are contacting several Senators who are swing votes. We are guardedly optimistic at this stage and will provide you with a complete vote count Monday afternoon.

-- If we get a good vote in the Senate, our position in the House will be stronger. The House vote will probably come the week of February 6. Joe Addabbo, who will lead the floor fight and is Mahon's possible successor as Chairman of the Defense Appropriations Subcommittee, believes that the House B-1 bomber vote will be a key test of the Administration's strength in the House this year. He may want you to make some phone calls. Secretary Brown will be meeting with key Members this week.

5. OFFICE OF CONSUMER REPRESENTATION

-- We are making progress in the implementation of our strategy. The bill is scheduled for a floor vote the week of February 6 (probably Tuesday, February 7). A House whip count will be taken this week, starting Monday.

-- Esther Peterson and her staff, assisted by people from other agencies, have been contacting individual Members thought to be "undecided" or "persuadable" (former New York Congressman Max McCarthy is volunteering his time to work on the bill and is concentrating his efforts on those senior Members with whom he served). On Wednesday, Mrs. Peterson and Midge Costanza will meet with 60 national voluntary organizations to brief them on the bill and its status. The Vice President will speak to the group at 4:00 PM. Mrs. Peterson and I mailed letters presenting the Administration's view to every Member.

-- The Speaker is taking an active -- and visible -- role in the effort. He will meet with outside supporters on Monday to give them a boost and some guidance.

ADMINISTRATIVELY CONFIDENTIAL

-- Early this week (Monday or Tuesday), it would be helpful if you could call two or three Members and urge them to support the bill. Calls by you at this time will signal our continuing commitment to the legislation and will serve to encourage its supporters. I suggest that you call the following:

- Congressman Teno Roncalio (Wyoming). He voted "no" in the 94th Congress but is undecided now. He is retiring this year so he shouldn't fear political repercussions.
- Congressman Richard (Dick) Gephardt (Missouri). A freshman who is listed among the undecideds. If he can be brought along, he can influence other first-term Members.
- Congressman Ken Holland (South Carolina). Did not vote on the bill in the 94th Congress, but is "leaning yes" now. Ken could be helpful to us among fellow "sophomores" and southern Democrats.

6. LOCK & DAM 26/WATERWAY USER FEES

-- Although Senator Long is now in a stronger position than before (he has picked up additional votes), we will maintain our position in support of the Domenici amendment. I will notify you of any new development.

7. WELFARE REFORM

-- Corman's Subcommittee completed the "conceptual" markup of the jobs portion last week. Your meeting with Chairman Perkins directly contributed to a change in attitude, allowing a compromise to be worked out. The Subcommittee is scheduled to meet again on February 2, 6, 7, and 9, to go through the draft bill line-by-line. The Subcommittee hopes to have a final bill by February 9 and will then send it to the three full committees for further work on their portions.

8. OUTER CONTINENTAL SHELF

-- The House will resume consideration of the bill on Tuesday. Although we beat the Breaux substitute last week (211-187), he will be back with another substitute, minus the revenue sharing provisions, in an effort to "sweeten" his package. Beyond Breaux, Interior expects amendments designed to gut key sections of the bill: dual leasing authority, alternate bidding systems, lease cancellation provisions, and removing the Federal Government's authority to do exploratory drilling.

-- Next Wednesday, Interior plans to hold the Georges Bank lease sale -- unless Massachusetts is successful in enjoining Interior from doing so.

9. TIMBER SALES PROCEDURES

-- The House bill, scheduled for floor action on Wednesday, contains a provision calling for establishment of an advisory committee which would provide independent recommendations for timber bidding procedures (whether they should be sealed or open bids). Committee membership would include timber industry, labor and general

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public. Last session, the Senate passed (60-29) a similar bill which called for a USDA advisory committee or lets the Agriculture Secretary use existing authority on sales procedures. USDA advises that the Senate bill will be offered as a substitute for the House bill and, barring major Administration opposition, will probably pass.

-- QMB advises that the Administration opposes this legislation. Western Members, including Tom Foley, Weaver (D-Ore), Jackson, and Magnuson strongly support the bill.

10. FARM PROTEST

-- Chairman Talmadge has proposed a five-point program with a price tag of \$8 BILLION to deal with the depressed farm economy, including a \$3.5 BILLION land diversion payment program aimed at retiring wheat, corn, soybeans, and non-quota peanuts. Talmadge said at last week's Senate hearing that if the Administration did not act (Secretary Bergland has authority to take these steps), he is prepared to pursue the recommendations legislatively. The House Agriculture Committee plans to hold a similar hearing with Secretary Bergland Tuesday, followed by testimony from strikers February 6 and 7, and public testimony February 14, 15 and 16.

-- USDA believes that 100 percent of parity legislation has no chance in Congress, but the votes and the Committee leadership, in both Houses, may be on the side of something short of that. USDA intends to resist any legislative increases in price or income supports but will intensify efforts to make existing programs work better.

11. MISCELLANEOUS

-- The Hill has been informed that Marion Edey has withdrawn her name. Her letter was very graceful and her method of leaving has guaranteed that we will suffer little backlash with the environmentalists.

-- A group called "Americans for Alaska" which includes James Buckley, George Romney, Lady Bird Johnson, Larry Rockefeller, and George S. Wills as D.C. representative, has formed to counter the pro-industry lobby working on the Alaska lands legislation.

-- The Army has announced plans to destroy 290,000 M-1 rifles because they exceed defense requirements. This is generating a great deal of Congressional interest. As a result, DOD has postponed its plans for 60 days, awarding a scrap contract to allow private organizations, such as the National Rifle Association, to suggest alternatives.

-- 'Doc' Long will be sending you a letter, at Dave Obey's urging, requesting a broad "overview" appearance by the Secretaries of State, Treasury, and Defense before the House Appropriations Committee.

-- Matt McHugh (D-NY) will replace Ed Koch on the Appropriations Committee and may assume Koch's Foreign Operations Subcommittee seat. He should be generally supportive of Administration foreign aid proposals, but was "on the fence" on country and commodity restrictions last year.

ADMINISTRATIVELY CONFIDENTIAL

FLOOR ACTIVITIES, WEEK OF JANUARY 30

Monday -- 1 suspension:

*Let oppos. be known*

Grand Canyon School District. According to OMB, the Administration opposes enactment of the bill. It authorizes payments to the Grand Canyon School District from National Park Service concessionaires' receipts as reimbursement for the use of educational facilities by the dependents of National Park Service employees.

-- ConRail Medical Premiums. Rescheduled from last week.

-- Rail Public Counsel Authorizations. Rescheduled from last week.

Tuesday -- 1 suspension:

Supplemental All-Cargo Air Service. Not controversial.

-- Outer Continental Shelf.

-- Uniform Bankruptcy Act. According to OMB, the Administration would not oppose the bill if it were amended to delete provisions which would (1) establish Article III bankruptcy courts, (2) place U.S. trustees in the Justice Department, and (3) remove the government's preferential priority position as a creditor in bankruptcy cases. The Justice Department is taking the lead on this bill.

Wednesday -- Timber Sales.

-- Chattahoochee River National Park. The bill establishes the Chattahoochee River National Recreation Area in Georgia. According to OMB, the Administration strongly supports the bill, but opposes the non-germane provisions which would express the intent of Congress that National Park System land acquisitions authorized prior to January 1977 be completed within four years. OMB believes this to be an inappropriate attempt to constrain your budget flexibility.

-- Civil Aircraft Cargo Capacity. Rescheduled from last week.

Thursday -- IMF Supplementary Financing (Witteveen Facility).

-- Sioux Indian Claims. Rescheduled from last week.

Senate

-- The Senate hopes to finish the Criminal Code bill on Monday and then take up the Nuclear Non-Proliferation bill. The Supplemental Appropriations/B-1 bomber vote will occur on Wednesday. The Senate could also take up the Waterway User Fees issue.

THE WHITE HOUSE

WASHINGTON

ATTENDANCE AT THE  
10TH ANNIVERSARY CELEBRATION OF FORD'S THEATER

Sunday - January 29, 1978

ATTIRE: BLACK TIE

From: Tim Kraft

SEQUENCE

7:35 p.m. You and Mrs. Carter board motorcade on South  
Grounds and depart en route Ford's Theater.

7:40 p.m. Motorcade arrives Ford's Theater.

PRESS POOL COVERAGE  
CLOSED ARRIVAL

You and Mrs. Carter will be met by:  
Ms. Frankie Hewitt, Executive Director,  
Ford's Theater  
Speaker and Mrs. Tip O'Neill

Escorted by Speaker and Mrs. O'Neill and  
Frankie Hewitt, proceed to your seats.

7:45 p.m. You and Mrs. Carter take your seats. Speaker  
and Mrs. O'Neill will be seated with you.

Performance begins.

PRESS POOL COVERAGE  
ATTENDANCE: 730

SPECIAL NOTE: NBC will film event.

9:15 p.m. Performance concludes.

Loren Greene will come forward and present  
a bouquet of flowers to Mrs. Carter. He  
will then escort Mrs. O'Neill onto the stage  
and present her a water color of Ford's  
Theater.

Following the presentation, you and Mrs.  
Carter thank your hosts and proceed to  
motorcade for boarding.

2.

9:25 p.m.

Motorcade departs Ford's Theater  
en route South Grounds.

9:30 p.m.

Motorcade arrives South Grounds.

# # # # #

THE WHITE HOUSE

WASHINGTON

VISIT TO THE PENTAGON

Saturday - January 28, 1978

From: Tim Kraft

SEQUENCE

9:55 a.m. You board motorcade at Bethesda Naval Hospital. Secretary Harold Brown and Dr. Brzezinski will accompany you.

10:00 a.m. Motorcade departs Bethesda en route the Pentagon.

(Driving Time: 20 minutes)

10:20 a.m. Motorcade arrives the Pentagon.

PRESS POOL COVERAGE  
CLOSED ARRIVAL

Proceed to National Military Command Center.

10:25 a.m. You arrive Military Command Center.

PHOTO OPPORTUNITY.

10:30 a.m. Meeting begins.

11:45 a.m. Meeting concludes.

You proceed to motorcade for boarding.

11:50 a.m. Motorcade departs the Pentagon en route South Grounds.

11:55 a.m. Motorcade arrives South Grounds.

# # # # #



11:00 AM

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

January 29, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CL S*  
SUBJECT: Your meeting with the CEA Staff on  
Monday, January 30, 1978 at 11:00 a.m.

Time of Meeting: 11:00 a.m.  
Duration: 5 minutes  
Place: Roosevelt Room  
Those in attendance: Professional and support staff of  
the Council of Economic Advisers  
Purpose: Each year the President meets briefly  
with the CEA staff to be presented  
with a copy of the Annual Report  
of the Council of Economic Advisers.  
Press coverage: None

THE WHITE HOUSE

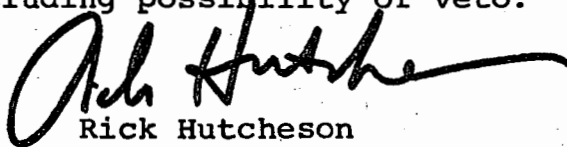
WASHINGTON

January 30, 1978

MEMORANDUM FOR  
THE HONORABLE BROCKMAN ADAMS  
Secretary of Transportation

Re: Status of Waterway User Fee Legislation

The President reviewed your memorandum dated January 23, 1978 on the above subject and stated: "Let our position be clearly known - including possibility of veto."



Rick Hutcheson  
Staff Secretary

bcc: The Vice President  
Stu Eizenstat  
Frank Moore  
Jim McIntyre

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

cc Adams

/	MONDALE
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Comments due to  
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

1/28/78

Mr. President:

DOT, OMB, DPS and Frank Moore's staff met today to discuss this issue, and agreed upon a strategy.

Frank thinks that Sen. Long has the votes necessary to get the House-passed provision (a 4¢ fuel tax which will rise to 6¢ in two years) adopted by the Senate. Frank will probably discuss this with you in the next day or so, and ask your permission to negotiate with Sen. Long.

Rick



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

JAN 29 1978

*Let our  
position be clearly  
known - including  
poss. b. lity of veto  
J*

MEMORANDUM FOR: The President

SUBJECT: Status of Waterway User Fee Legislation

Background

On June 22, 1977, after a series of close votes, the Senate enacted legislation, sponsored by Senator Pete Domenici (R-N. Mex.), that would authorize a new Lock and Dam 26 at a cost of \$420 million. The bill also called for a phase-in over a ten-year period of waterway user fees which would eventually recover 100% of inland waterway operation and maintenance costs and 50% of new waterway construction costs. The bill called for the Department of Transportation to develop regulations establishing the particular type of toll system to be effectuated which would be implemented following a public hearing process and subject to a Congressional veto. The language of the Domenici bill, as passed by the Senate on June 22, was inserted by the Senate in H.R. 5885, an omnibus water bill previously passed by the House.

When the amended bill came back to the House, the House Ways and Means and Public Works Committees, which have long opposed waterway user fees, objected to the appointment of conferees on technical grounds. Speaker O'Neill, in order to prevent these Committees from blocking all user fee legislation, worked out a compromise whereby the Committees would report out a new bill (H.R. 8309) establishing a low-level fuel tax on waterway traffic and authorizing a new Lock and Dam 26, which would come back to the Senate floor for another Senate vote.

Thus the two House Committees in September voted out H.R. 8309, which would establish a 6¢ fuel tax for inland waterway commercial vessels after a two-year phase-in period. This bill would recover in the area of 15% of operation and maintenance costs and new construction costs. A closed rule on this bill blocked floor amendments to it, and to insure Congressional action on this issue, my Department, with the concurrence of your staff, supported passage of this bill in the House, but made it

Memorandum for the President  
Page Two


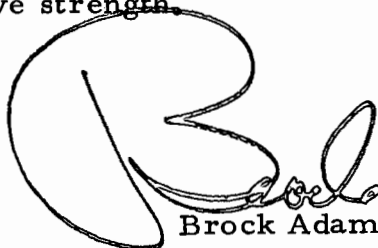
clear in both testimony and a letter that it viewed the level of cost recovery embodied in H. R. 8309 as inadequate, and that it would work on the Senate side to make the recovery level substantially higher. H. R. 8309 was passed by the House by a vote of 331 to 70 on October 13th, and was sent over to the Senate.

On October 18, 1977, I sent a letter to the Senate (~~copy attached~~) prepared by your staff which reiterated the Administration's support for the high level of recovery called for in the bill first passed by the Senate and reiterated that you would not sign a bill that failed to establish a substantial waterway user fee. The Senate ran out of time before it could act on the waterway issue last session. We expect, however, that the issue will probably come up for a vote early this session.

Proposed Strategy

The recent bankruptcy of the Milwaukee Railroad and the shaky financial condition of other Midwest railroads has underscored the need to bring a degree of equity to the Federal Government's treatment of the different transportation modes. A waterway user fee, as you know, is an important step in this regard.

I therefore want to indicate to you that my staff and I will work hard on behalf of the following strategy: to make a major effort to win again on the Senate floor on the Domenici amendment, which establishes a high level user fee system. This vote, of course, promises to be a difficult one. If we win on this amendment we can go to the conference in a position of comparative strength.



Brock Adams

Attachment

ID 780330

T H E   W H I T E   H O U S E

WASHINGTON

DATE: JAN 24 78

FOR ACTION: STU EIZENSTAT

JIM MCINTYRE

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

CHARLES SCHULTZE

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT ADAMS MEMO DATED 1/23/78 RE STATUS OF WATERWAY USER FEE  
LEGISLATION

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1100 AM THURSDAY JAN 26 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

*mtg SAT  
Bm*

THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
	/	WATSON
/		McINTYRE
	/	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



D 780330

T H E   W H I T E   H O U S E

WASHINGTON

DATE: JAN 24 78

FOR ACTION: STU EIZENSTAT  
JIM MCINTYRE

FRANK MOORE (LES FRANCIS)

*xc Camp  
Schmoke*

INFO ONLY: THE VICE PRESIDENT  
CHARLES SCHULTZE

JACK WATSON

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT ADAMS MEMO DATED 1/23/78 RE STATUS OF WATERWAY USER FEE  
LEGISLATION

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1100 AM THURSDAY JAN 26 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

1/28/78

Mr. President:

DOT, OMB, DPS and Frank Moore's staff met today to discuss this issue, and generally agreed upon a strategy.

Frank Moore will probably discuss this issue with you in the next day or so.

Rick

WATERWAY USER FEES:

CONGRESSIONAL LIAISON:

Senator Long is now in a stronger position than before; he claims to have the votes necessary to get the House-passed provision (a 4¢ fuel tax which eventually rise to 6¢), adopted by the Senate. Our assessment is that he may have the votes.

In view of this fact, and in view of Chairman Bizz Johnson's feeling that he can get the House to accept a larger fuel tax (perhaps 12¢), we suggest that we talk to Senator Long and agree to a fuel tax provision on two conditions:

1. That the amount be greater than 4/6¢; we should propose 12¢ but be prepared to accept less.
2. That we get something significant in return, such as agreement on energy taxes.

Because of time constraints we have not checked these suggestions with DOT, Domestic Policy staff, and OMB. We will proceed to do so.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JAN 25 1978

MEMORANDUM FOR RICK HUTCHESON  
Staff Secretary

From: James M. Frey *JMF*

Subject: Comments on Secretary Adams' January 23 memorandum on Waterway User Fee Legislation

We strongly support the legislative strategy outlined in Secretary Adams' memorandum: make a major effort to win again on the Senate floor on the Domenici amendment so that the Administration can go to conference on waterway user fee legislation in a position of comparative strength.

However, the Domenici amendment contains provisions which are undesirable from the standpoint of the Administration:

1. It authorizes over a dozen water resource projects other than Lock and Dam 26 and changes basic water resource authorities, which is premature in view of the upcoming Administration announcement of its water policy review findings.
2. It provides for an unconstitutional veto by concurrent resolution of regulations promulgated to implement the waterway user charge program.

When the legislation reaches conference, the Administration should work to have these provisions deleted. While the first item may in the long run be acceptable, or perhaps negotiable in conference, the second is of major importance on separation of powers grounds.

THE WHITE HOUSE

WASHINGTON

January 25, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Shu*

SUBJECT:

Secretary Adams' Memorandum  
re Waterway User Fee

The purpose of Secretary Adams' memorandum is to inform you of the actions which DOT will take to win passage of legislation which will allow substantial recovery of the costs to operate the inland waterway system. Jim McIntyre and I agree with the Secretary that a major effort should be made to win again on the Senate floor the high level of recovery contained in the original Senate bill.

Note that the Agenda for this year which you approved assigns this question to the "high non-Presidential priority" category. Hopefully, Secretary Adams can take a strong lead here so that your personal involvement can be limited.



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

October 18, 1977

Honorable Alan Cranston  
United States Senate  
229 Russell Senate Office Building  
Washington, D.C. 20510

Dear Alan:

I reported to you earlier of the President's firm intention to disapprove any bill authorizing construction of a new locks and dam facility at site 26 in Alton, Illinois, if the bill does not contain a provision establishing substantial waterway user charges along the inland waterway system. Recent events require me to clarify the Administration's position on this issue.

As you know, we supported the waterway user charge legislation that the Senate passed. This bill would phase in a substantial user fee over a ten-year period. The House of Representatives has passed waterway user charge legislation which differs markedly from the Senate version. The House would authorize a six cent fuel tax on inland waterway commercial vessels. The House version would recover only a relatively small portion of operation and maintenance costs and new construction costs.

Because of the closed rule on the House bill and in order to insure Congressional action on this issue, on September 28, 1977, I wrote to Members of the House of Representatives indicating that the Administration would support the bill in the House, but that the Administration would work in the Senate for a higher recovery of waterway operation and construction costs. The user charge and level of recovery contained in the House bill is inadequate. In order to bring the necessary degree of equity to Federal government policy concerning the inland waterway system, legislation should be enacted which authorizes substantial waterway user charges.

Because this matter is so important to the development of a comprehensive transportation policy, I think that the Congress should be aware of the President's intention not to sign any bill authorizing a new Locks and Dam 26 which does not provide for waterway user charges that will recover a substantial portion of the operation and maintenance and new construction costs.

Sincerely,

DECEMBER 17  
BROCK ADAMS

Brock Adams

Electrostatic Copy Made  
for Preservation Purposes  
MEMORANDUM

THE PRESIDENT HAS SAID

5:00 PM  
SUNDAY

THE WHITE HOUSE

WASHINGTON

FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON

DATE: 27 January 1978

SUBJECT: RECEPTION for Ford's Theater Anniversary

Please find attached the scenario for the reception  
to be given Sunday evening, 5:00-7:00 P.M.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON

DATE: 27 January 1978

SUBJECT: FORD'S THEATRE CELEBRATION

The reception at the White House is being held as part of the celebration of the 10th Anniversary of the re-opening of Ford's Theatre. Following the reception will be a performance at Ford's Theatre. (The performance will then be followed by a supper-dance, hosted by the Secretary-General of the O.A.S. and Mrs. Orfila, at the Pan American Union building, at which you ARE NOT SCHEDULED to attend.)

The function is black tie, and Mrs. Thomas P. O'Neill is the general chairman. MRS. CARTER is the honorary chairman.

The performance at Ford's is to be taped as a prime time special by NBC for broadcast on 2 February 1978.

[ ] A scenario is attached.



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON *Sp*

DATE: 27 January 1978

SUBJECT: SCENARIO FOR RECEPTION - 29 January 1978  
5:00-7:00 P.M.

5:00 P.M. All guests arrive Southwest Gate to Diplomatic Reception Room.

The PRESIDENT and MRS. CARTER arrive State Floor. Take up positions under the Great Seal at door of Blue Room for receiving line. The Speaker of the House and Mrs. O'Neill will also be in the receiving line.

All guests proceed upstairs - through receiving line - and into East Room.

(Press coverage of receiving line from cross hall.)

5:45 P.M. At conclusion of receiving line, the PRESIDENT and MRS. CARTER move into East Room for remarks.

(Podium and mike at curtain on east wall. Press pool to cover.)

6:00 P.M. Remarks conclude. The PRESIDENT and MRS. CARTER depart State floor for living quarters.

7:00 P.M. All guests depart Southwest Gate.

FORDS THEATER - TALKING POINTS

THE WHITE HOUSE  
WASHINGTON  
January 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, <sup>Jm</sup>ACHSAH NESMITH *AFW*

SUBJECT: Ford's Theater

1. Ford's is the only professional playhouse in a National Historic Site, and is an example of how government and private enterprise can work together to meet current needs while preserving important things from our past.

(The building was completed in 1863, closed by Secretary of War Edwin Stanton following Lincoln's assassination April 14, 1865, just five days after Lee surrendered to Grant. General Grant and his wife, Julia, had been invited to accompany the Lincolns to the theater that night, but Mrs. Grant wanted to get back to the children. Ford's reopened as a theater January 30, 1968, and is maintained by the National Park Service and operated as a national historic site and museum. The non-profit Ford's Theater Society produces a live theater program under an agreement with the Interior Department.)

2. Mrs. Thomas P. O'Neill, Jr. is the general chairman of this 10th anniversary celebration, for which Mrs. Carter has been honorary chairman. The group at this reception includes those who have endowed seats at the theater and others who have contributed to making it a living theater again, including some of the actors and actresses.

(All 741 seats are available to endowment, ranging from \$500 for the Capitol Circle to \$5,000 for the Presidential Circle. Seat endowments and proceeds from tonight's NBC special will benefit its Original Productions Fund and can also be used to match a grant applied for from the National Endowment for the Arts.)

You might mention that if you had to pay \$5,000 each for your seats, your theater attendance might be greatly curtailed, but you appreciate their willingness to support Ford's and the American theater.

3. You didn't get much opportunity to see live drama in Plains when you were growing up, but you have tried to take advantage of later opportunities to experience the excitement of great live performances.

By providing a showcase and commissioning works, Ford's adds to the national repertoire available for regional and local theaters all over the country at a time of great grassroots interest and activity. If we consider where the literature of our language would be if dramatists like Shakespeare had not had a theater for which to write, then we realize how important the commissioning and staging of new American works can be to the nation.

4. Ford's has been especially innovative in developing predominantly black productions for a mixed audience, with both critical and financial success. Delores Hall received a Tony Award for her performance in Ford's production of "Your Arms Too Short to Box With God", now in its second year on Broadway.

Billie Dee Williams world premiere performance at Ford's in "I Have a Dream" went on to Broadway success also. "Me and Bessie", starring Linda Hopkins, made its East Coast debut at Ford's and continued on to a long Broadway run.

Ford's has helped Washington become not just a try-out town or a stop on the road tour for proven successes, but the scene of exciting premieres. James Whitmore's "Give 'Em Hell, Harry" and "Will Rogers, USA" premiered at Ford's. Vincent Price was Oscar Wilde in the East Coast debut of "Diversions and Delights". (All of these performers will be doing excerpts at the theater tonight.)

5. Frankie Hewitt has been the moving force in turning Ford's into a working theater instead of just a museum. (She is now executive producer and produced, among others, "I Have a Dream" and "Your Arms Too Short to Box with God". She was president of the Theater Society, which she founded in 1967, and negotiated the agreement with the Interior Department.)

She wanted it to be the place of joy and laughter and living emotion that had made Abraham Lincoln turn often to the theater and to opera to get away briefly from the burdens of war. It has become a living memorial to the man who understood so well the importance of dramatizing an idea in story form to get it across. Once, when chastised for replying with a story to an official who had reported on a particularly disastrous event during the war, Lincoln said gently, "If I couldn't tell these stories I would die."

The theater gives our nation a place to tell its stories -- tragic, funny, ironic -- to let our people experience our history and our myths, our glory and our misery, our meanness and our courage -- as a living thing.

# # #

413

THE WHITE HOUSE  
WASHINGTON

January 30, 1978

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jim McIntyre

RE: REDUCTION IN FEDERAL UNEMPLOY-  
MENT TAX RATE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
/		McINTYRE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE WHITE HOUSE  
WASHINGTON

1/28/78

Mr. President:

Frank Moore and Mike  
Blumenthal have no additional comments.

Rick



THE PRESIDENT HAS SEEN.  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

January 26, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr.  
Acting Director

SUBJECT: Reduction in Federal Unemployment Tax Rate

A reduction in the Federal Unemployment Insurance (UI) tax rate from 0.7 percent to 0.5 percent effective January 1, 1979, is included as part of your FY 1979 tax package to fight inflation. The tax cut will reduce tax liability for calendar year 1979 by about \$0.8 billion.

The tax was raised to 0.7 percent last January to finance unemployment benefits paid by the Federal Government and to repay amounts the Federal trust fund borrowed from general revenues to pay benefits created by high levels of unemployment stemming from the severe 1974-75 recession. The Federal Government pays all the costs of Federal Supplemental Benefits (FSB) and one-half the costs of Extended Benefits (EB). The other half of EB and all regular benefits are paid for by the States.

Reducing the tax raises the question of whether any other steps should be taken now to change the financing of the trust fund. The EPG Steering Committee has considered several options, and disagrees as to the best method of proceeding. Both options listed below have the same effect on the Federal budget deficit. Forgiving all current trust fund debts raises so many questions about how to deal equitably with State debts to the trust fund that no acceptable option which would make the trust fund whole could be developed in time.

Option A. Reduce the Federal tax only, leaving all financing issues to the new National Commission on Unemployment Compensation (soon to be appointed), including the growing Federal trust fund debt that will result from the tax reduction.

*Schultz -  
Why wasn't this  
problem raised to  
me when UI tax  
reduction was  
proposed - (or was  
it?)  
JC*

Pros:

This option keeps the proposed tax cut separate from the complex issue of trust fund debts, which is a longer term problem. The questions of the debts and trust fund financing would be left to the National Commission; we would make our proposal after we receive the Commission's recommendations in 1979 or 1980.

Cons:

This option does not insure the solvency of the UI system. The debt will continue to grow because reduced revenues will not be sufficient to meet the on-going costs of extended benefits.

Congress may be unwilling to pass a Federal UI tax cut unless the debts of the trust fund are dealt with in some way, and might defer the tax cut along with the debt issue to the National Commission.

OMB favors Option A.

Option B. Reduce the Federal UI tax and forgive the \$5.8 billion that the Federal trust fund borrowed from general revenues to pay Federal Supplemental Benefits during the recession. Defer all other financing issues to the Commission.

Pros:

This option reduces the Federal trust fund debt by more than one-half, forgiving the FSB debt. This may help sell the tax cut proposal to the Congress. Forgiving the debt also makes sense because the reduction in the tax rate makes revenues insufficient to pay off the debt. Forgiving the debt is consistent with previous congressional action which funded FSB out of general revenues beginning April 1977. General revenue financing can be rationalized on the grounds that financing benefits through payroll taxes is inappropriate when unemployment is so high as to require an FSB program. Because FSB is entirely financed with Federal funds, it can be separated out from the question of State benefit financing. This option leaves the more complex State/Federal financing issues to the Commission.

Cons:

This option does not deal with the trust fund debt associated with the Federal share of EB, and does not insure the solvency of the UI system. The debt will continue to grow because reduced revenues will not be sufficient to meet on-going costs of EB.

Treasury, Labor, CEA and DPS favor Option B.

OMB Comment

OMB does not believe we should propose forgiveness of the Federal Supplemental Benefits debt because it:

- . Has no impact on the economy beyond the effect the tax cut alone will have.
- . Does not improve near term trust fund financing.
- . Risks opening up the whole debt forgiveness issue.
- . May result in forgiveness of the Federal Supplemental Benefits debt, but no tax cut.

If we propose to forgive the FSB debt, we may have to face the EB and State debt problems immediately. The States have already had bills introduced to deal with their debts, and Congress may be unwilling to reduce the Federal UI tax unless it deals more generally with UI financing requirements. We should wait for the Commission's study and recommendations before taking this one on.

It is not clear that forgiving the FSB debt will make the difference in getting the UI tax cut passed. If we go to the Congress with Option B, we may get only one-half of our request. There is considerable sentiment on the Hill for forgiving the FSB debt, but not for the tax rate reduction.

Decision

\_\_\_\_\_ Option A. Reduce the tax rate only.

\_\_\_\_\_ Option B. Reduce the tax rate and forgive \$5.8 billion of FSB debt in the Federal trust fund.

EIZENSTAT/SCHULTZE  
COMMENT

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

January 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>CLS</sup> and Stu Eizenstat *Stu*

Subject: Proposed Reduction in the Federal Unemployment  
Insurance Tax Rate

Jim McIntyre's memo on the proposed reduction in the Federal unemployment insurance tax rate closes with a statement of why OMB believes that Option A is preferable. We would like to add just a brief comment indicating why Treasury, Labor, DPS, and CEA hold to the view that Option B is better. There are two main reasons.

First, to reduce the tax rate and let the debts in the unemployment insurance trust fund continue to pile up is very likely to encounter strong Congressional opposition. It will appear to be unsound financing, a violation of the trust fund principle, and an Administration copout that leaves the difficult problems to be handled by the National Commission.

Second, since the FSB program is strictly a Federal program, forgiveness of the FSB debt does not raise the issue of State debts to the unemployment insurance trust fund and how they should be handled.

Our judgment is that we have practically no chance of getting Option A passed, and that there is little reason for trying to do so.

Electrostatic Copy Made  
for Preservation Purposes

WASHINGTON

DATE: 27 JAN 78

FOR ACTION: STU EIZENSTAT

CHARLES SCHULTZE

SEC. BLUMENTHAL

\*  
will call by  
10:30 SAT

ok? ch 1 Ginsberg  
SAM  
due back at 11:00 AM  
send in ASAP

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE (LES FRANCIS)

JACK WATSON

SUBJECT: MCINTYRE MEMO RE REDUCTION IN FEDERAL UNEMPLOYMENT  
TAX RATE

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1000 AM MONDAY 30 JAN 78 +  
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

*Action: Blumenthal*

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		McINTYRE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
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	FIRST LADY
	HARDEN
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	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN